

15G.112 Economic development financial assistance program.*1. Program established.*

a. The authority shall establish and administer an economic development financial assistance program for purposes of providing financial assistance from the fund to applicants. The financial assistance shall be provided from moneys credited to the economic development fund and not otherwise obligated or allocated pursuant to section 15G.111.

b. The program shall consist of the components described in subsections 4 through 9. Each fiscal year, the authority, with the approval of the authority*, shall allocate an amount of financial assistance from the fund that may be awarded under each component of the program to qualifying applicants.

c. In making awards of financial assistance pursuant to subsections 4 and 5, the authority shall calculate the fiscal impact ratio, and in reviewing each application to determine the amount of financial assistance to award, the authority shall consider the appropriateness of the award to the fiscal impact ratio of the project and to other factors deemed relevant by the authority.

d. For each award of financial assistance under the program, the authority and the recipient of the financial assistance shall enter into an agreement describing the terms and obligations under which the financial assistance is being provided. The authority may negotiate, subject to approval by the authority*, the terms and obligations of the agreement. An agreement shall contain but need not be limited to all of the following terms and obligations:

- (1) A project completion date.
- (2) A maintenance period completion date.
- (3) The number of jobs to be created or retained.
- (4) The amount of financial assistance to be provided under the program.
- (5) An amount of matching funds from a city or county. The authority shall adopt by rule a formula for determining the amount of matching funds required.

e. The authority may enforce the terms and obligations of agreements described in paragraph "d".

f. A recipient of financial assistance shall meet all terms and obligations in an agreement by the project completion date, but the authority may for good cause extend the project completion date.

g. During the maintenance period, a recipient of financial assistance shall continue to comply with the terms and obligations of an agreement entered into pursuant to paragraph "d".

h. If a business that is approved to receive financial assistance experiences a layoff within this state or closes any of its facilities within this state, the authority has the discretion to reduce or eliminate some or all of the amount of financial assistance to be received. If a business has received financial assistance under this section and experiences a layoff within this state or closes any of its facilities within this state, the business may be subject to repayment of all or a portion of the incentives that the business has received.

2. *Standard program requirements.* In addition to the eligibility requirements of the individual program components applicable to the financial assistance sought, a business shall be subject to all of the following requirements:

a. The business shall submit to the authority with its application for financial assistance a report describing all violations of environmental law or worker safety law within the last five years. If, upon review of the application, the authority finds that a business has a record of violations of the law, statutes, rules, or regulations that tends to show a consistent pattern, the authority shall not make an award of financial assistance to the business unless the authority finds either that the violations did not seriously affect public health, public safety, or the environment, or, if such violations did seriously affect public health, public safety, or the environment, that mitigating circumstances were present.

b. The business shall not have closed, or substantially reduced, operations in one area of this state and relocated substantially the same operations in a community in another area of this state. However, this paragraph shall not be construed to prohibit a business from

expanding its operation in a community if existing operations of a similar nature in this state are not closed or substantially reduced.

c. The proposed project shall not negatively impact other businesses in competition with the business being considered for assistance. The authority shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for financial assistance. The authority shall make a good faith effort to determine the probability that the proposed financial assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for financial assistance, jobs created or retained as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created or retained.

d. The business shall only employ individuals legally authorized to work in this state. In addition to any and all other applicable penalties provided by current law, all or a portion of the assistance received by a business which has received financial assistance under the program and is found to knowingly employ individuals not legally authorized to work in this state is subject to recapture by the authority.

3. *County and regional wage calculations.*

a. In administering the financial assistance program, the authority shall annually calculate a county wage and a regional wage for each county for purposes of determining the eligibility of applicants for financial assistance under the program.

(1) The county wage and the regional wage shall be an hourly wage rate based on data from the most recent four quarters of wage and employment information from the quarterly covered wage and employment data report issued by the department of workforce development.

(2) The authority shall not include the value of benefits when calculating the county wage or the regional wage.

b. The county wage shall be the average of the wages paid for jobs performed in the county by employers in all employment categories except the employment categories of government, agriculture, and mining.

c. The regional wage shall be calculated as follows:

(1) Multiplying by four the county wage of a county.

(2) Adding together the county wage of each of the counties adjacent to the county.

(3) Adding the result obtained in subparagraph (1) to the result obtained in subparagraph (2).

(4) Dividing the result obtained in subparagraph (3) by the sum of the number of counties adjacent to the county plus four.

4. *One hundred thirty percent wage component.*

a. In order to qualify for financial assistance under this component of the program, a business shall meet all of the following requirements:

(1) The business shall create or retain jobs as part of a project, and the jobs created or retained shall meet one of the following requirements:

(a) If the business is creating jobs, the business shall demonstrate that the jobs will pay at least one hundred percent of the qualifying wage threshold at the start of the project completion period, at least one hundred thirty percent of the qualifying wage threshold by the project completion date, and at least one hundred thirty percent of the qualifying wage threshold until the maintenance period completion date.

(b) If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least one hundred thirty percent of the qualifying wage threshold throughout both the project completion period and the maintenance period.

(2) The business shall provide a sufficient package of benefits to each employee holding a created or retained job. The authority, at the recommendation of the authority*, shall adopt rules determining what constitutes a sufficient package of benefits.

(3) The business shall demonstrate that the jobs created or retained will have a sufficient impact on state and local government revenues as determined by the authority after calculating the fiscal impact ratio of the project.

(4) The business shall not be a retail business or a business where entrance is limited by a cover charge or membership requirement.

b. A business providing a sufficient package of benefits to each employee holding a created or retained job shall qualify for a credit against any of the one hundred thirty percent qualifying wage threshold requirements described in paragraph “a”, subparagraph (1). The credit shall be calculated and applied as follows:

(1) By multiplying the qualifying wage threshold of the county in which the business is located by one and three-tenths.

(2) By multiplying the result of subparagraph (1) by one-tenth.

(3) The amount of the result of subparagraph (2) shall be credited against the amount of the one hundred thirty percent qualifying wage threshold requirement that the business is required to meet under paragraph “a”, subparagraph (1).

(4) The credit shall not be applied against the one hundred percent of qualifying wage threshold requirement described in paragraph “a”, subparagraph (1).

c. Notwithstanding the qualifying wage threshold requirements described in paragraph “a”, subparagraph (1), if a business is also the recipient of financial assistance under another program administered by the authority, and the other program requires the payment of higher wages than the wages required under this subsection, the business shall be required to pay the higher wages.

d. An applicant may apply to the authority for a waiver of the qualifying wage threshold requirements of this subsection.

5. *One hundred percent wage component.* In order to qualify for financial assistance under this component of the program, a business shall meet all of the following requirements:

a. The business shall create or retain jobs as part of a project, and the jobs created or retained shall meet one of the following qualifying wage thresholds:

(1) If the business is creating jobs, the business shall demonstrate that the jobs pay at least one hundred percent of the qualifying wage threshold at the start of the project completion period, by the project completion date, and until the maintenance period completion date.

(2) If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least one hundred percent of the qualifying wage threshold throughout both the project completion period and the maintenance period.

b. The business shall provide a sufficient package of benefits to each employee holding a created or retained job. The authority, at the recommendation of the authority*, shall adopt rules determining what constitutes a sufficient package of benefits.

c. The business shall demonstrate that the jobs created or retained will have a sufficient impact on state and local government revenues as determined by the authority after calculating the fiscal impact ratio of the project.

d. The business shall not be a retail business or a business where entrance is limited by a cover charge or membership requirement.

6. *Entrepreneurial component.*

a. In order to qualify for financial assistance under the entrepreneurial component of the program, a business shall meet all of the following requirements:

(1) The business shall be an early-stage business. For purposes of this subparagraph, “early-stage business” means a business that has been competing in a particular industry for three years or less.

(2) The business shall have consulted with and obtained a letter of endorsement from either a business accelerator approved by the authority or from an entrepreneurial development organization recognized by the authority.

b. Notwithstanding subsection 1, paragraph “d”, subparagraph (5), a business applying for financial assistance under the entrepreneurial component is eligible for financial assistance regardless of whether the business has received matching funds from a city or county.

c. In awarding financial assistance under the entrepreneurial component of the program, the authority shall give priority to businesses in those sectors of the Iowa economy with the greatest potential for growth and expansion. Sectors having such potential include but are not limited to biotechnology, recyclable materials, software development, computer-related products, advanced materials, advanced manufacturing, and medical and surgical instruments.

7. *Infrastructure component.* In order to qualify for financial assistance under the infrastructure component of the program, a business or community shall be engaged in a physical infrastructure project. For purposes of this subsection, “*physical infrastructure project*” means a project that creates necessary infrastructure for economic success throughout Iowa, provides the foundation for the creation of jobs, and that involves the investment of a substantial amount of capital. Physical infrastructure projects include but are not limited to projects involving any mode of transportation; public works and utilities such as sewer, water, power, or telecommunications; physical improvements that mitigate, prevent, or eliminate environmental contamination; and other similar projects deemed to be physical infrastructure by the authority.

8. *Value-added agriculture component.*

a. In order to qualify for financial assistance under the value-added agriculture component of the program, a business shall be a production facility engaged in the process of adding value to agricultural products. Projects considered eligible under this subsection include but are not limited to innovative agricultural products and processes, innovative and new renewable fuels, agricultural biotechnology, biomass and alternative energy production, and organic products and emerging markets. Financial assistance is available for project development as well as project creation.

b. The authority shall not award financial assistance under the value-added agriculture component in an amount exceeding fifty percent of the total capital investment in a project.

c. Notwithstanding subsection 1, paragraph “d”, subparagraph (5), a business applying for financial assistance under the value-added agriculture component is eligible for financial assistance regardless of whether the business has received matching funds from a city or county.

9. *Disaster recovery component.* In order to qualify for financial assistance under the disaster recovery component of the program, a business shall meet all of the following conditions:

a. The business is located in an area declared a disaster area by a federal official.

b. The business has sustained substantial physical damage and has closed as the result of a natural disaster.

c. The business has a plan for reopening that includes employing a sufficient number of the employees the business employed before the natural disaster occurred. The authority shall adopt rules governing the number of employees that is sufficient under this paragraph.

d. The business will pay wages at the same level after reopening as the business paid before the natural disaster occurred.

2005 Acts, ch 150, §3; 2008 Acts, ch 1102, §4, 5; 2008 Acts, ch 1191, §162; 2009 Acts, ch 123, §3; 2010 Acts, ch 1069, §6; 2011 Acts, ch 118, §26, 87, 89

[P] Additional requirements for applicants which are economic development regions, see §15E.231

[SP] *The words “with the approval of the authority” may not be intended; corrective legislation is pending

[SP] *The words “subject to approval by the authority” may not be intended; corrective legislation is pending

[SP] *The words “at the recommendation of the authority” may not be intended; corrective legislation is pending

[T] Code editor directive applied

[T] Subsection 1, paragraph a amended